

FACT SHEET

Metro Tasmania Amendment Bill 2018

This Bill has three components.

1. To amend the *Metro Tasmania Act 1997* (the Act) to allow Metro Tasmania P/L to operate a ferry service and any other mode of passenger transport service;
2. To rescind the Fares Order provisions in the Act; and
3. To include a requirement for a Members/Shareholders Statement of Expectations and the requirement to follow all Treasurer's Instructions issued under the *Government Business Enterprises Act 1995* and amend the portfolio Acts of all other State-owned Companies to ensure consistency in relation to the Members/Shareholders Statement of Expectations and Treasurer's Instructions.

1. Amendment to allow Metro to operate any form of public transport

The Government has committed to the development of a Derwent River ferry service from Hobart CBD to Bellerive.

The purpose of the *Metro Tasmania Amendment Bill 2018* is firstly to allow Metro Tasmania P/L (Metro) the powers to provide a ferry passenger service in addition to its current objective to provide road passenger transport services only. This Bill removes any restrictions on Metro on the type of passenger transport service it can operate, thereby enabling Metro to lead development of a ferry service.

The Government's intention is for a future ferry service to be operated by Metro, in order to best support development of an integrated transport service. The amendments to the Act provided by this Bill increase the service delivery options available. However, the Bill does not exclude other options, or models, should these prove to be capable of meeting the Government's expectations with regard to integration of services.

2. Rescission of Fares Order

The Bill further rescinds Part 3A of the Act relating to Fares Orders. This section related to the regulation of full adult fares only, leading to an inconsistent approach to setting fares. The Metro Fares Order specifies the maximum prices that may be charged by Metro in respect of adult travel on urban bus services. The actual fares, within the maximum, are set by Metro.

Metro urban fares for concession passengers, Metro non-urban fares, and fares for all passenger categories travelling on services provided by other operators, are set administratively through each of the operator's contracts with the Department of State Growth.

The separate fare setting systems have meant that historical disparities in fare levels between the urban and non-urban areas have continued to be embedded, resulting in a significant 'step-up' in price for people travelling beyond the urban boundary.

The current Public Transport Bus Services Procurement Review (Project 2018) is considering options to resolve the inconsistency in fare levels. A transparent process for preparing the fare

schedule, annual indexation provisions and fare review mechanism will be the subject of a future submission to Cabinet before the contracts commence.

This change will not lessen the oversight, obligations or accountability of Metro as a State-owned Company.

3. *Governance Consistency*

The Government business portfolio is comprised of State-owned Companies (such as Metro) and Government Business Enterprises. State-owned Companies are established under Corporations Law through their respective portfolio legislation. Government Business Enterprises are established under the *Government Business Enterprises Act 1995* through their respective portfolio Act.

Even though Government businesses are established under two different frameworks, there is a general expectation that they operate, as far as possible, under governance frameworks that are as similar as possible.

To date, this has been achieved administratively through the use of Shareholders' Statements of Expectations, Treasurer's Instructions, directions and common Guidelines.

In practice, a Members'/Shareholders' Statement of Expectation has been prepared and issued for each State-owned Company. However, there is only a legislative requirement for it to be prepared for the three most recently created State-owned Companies: Tasmanian Irrigation, Tasracing and Tasmanian Railway.

To improve clarity and remove this inconsistency, it is proposed that:

- the portfolio legislation of all State-owned Companies be amended as a consequential amendment included in the proposed legislation to include a requirement for a Members'/Shareholders' Statement of Expectations and the requirement to follow all Treasurer's Instructions issued under the *Government Business Enterprises Act 1995*.
- the portfolio Acts of the following State-owned Companies be amended to ensure consistency in relation to the Members'/Shareholders' Statement of Expectations and Treasurer's Instructions:
 - *Electricity Companies Act 1997* ;
 - *TT-Line Arrangements Act 1993*; and
 - *Tasmanian Ports Corporation Act 2005*.

The application of Treasurer's Instructions to State-owned Companies is not without precedent. Currently, Treasurer's Instructions relating to Income Tax equivalents and Government guarantee fees apply to all State-owned Companies by virtue of specific provisions in their respective portfolio legislation, and Tasmanian Irrigation is required to follow all relevant Treasurer's Instructions.